

Date Mailed March 4, 1998
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BEFORE THE  
PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation of Cost Study Methodologies for Determining Universal  
Service Subsidies for Non-Rural Local Exchange Carriers

05-TI-160

**NOTICE OF HEARING**

Hearing Date: <b>March 16, 1998 - 9:00 a.m.</b>	Public Service Commission Building 610 North Whitney Way Amnicon Falls Hearing Room Madison, Wisconsin
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On February 8, 1996, the Federal Telecommunications Act of 1996 (the Act) was signed into law. The Act included sections on the preservation of universal service. For rural, insular and high cost areas, the Act specifies that the subsidies to protect universal service be both specific and predictable. The Federal Communications Commission (FCC) was given a mandate to implement a program to meet this requirement, and the FCC promulgated rules on the implementation of that Act. The FCC spelled out its rules and rationale in its May 8, 1997, Report and Order, *In the Matter of the Federal-State Joint Board on Universal Service*, FCC Docket 97-157. Subsidies for high-cost areas are to be based on the cost of service as calculated by a cost study for each area. The FCC has stated that costs of service for non-rural telephone companies will be used to determine universal service support starting in 1999. The FCC may require the use of cost models for rural companies also; however, the use of cost mechanisms for rural companies will not commence until 2001. In Wisconsin, Ameritech Wisconsin (Ameritech) and GTE North Incorporated (GTE North) are non-rural telephone companies. Accordingly, the FCC has mandated that cost models be developed for purposes of the universal service support program, as applied to these companies.

Although the FCC will develop its own model to determine the costs of service, the FCC has also stated that states would be allowed to develop state specific cost models as well. State cost studies must be submitted to the FCC for approval by April 24, 1998. On July 31, 1997, the Public Service Commission of Wisconsin (Commission) notified the FCC that it is considering developing its own cost model. The purpose of this proceeding is to consider cost models and issues and to permit the Commission to determine whether to select a state-specific model for non-rural

companies. Ameritech and GTE North have submitted cost models for consideration in this proceeding.

The Commission issued a *Notice of Investigation, Prehearing Conference, Assessment of Costs, and Request for Cost Models and Comments* on October 14, 1997. Prehearing conferences were held on November 19, 1997, and January 8, 1998. At the prehearing conferences, schedules were set for the filing and updating of cost models, the filing of testimony, the briefing of two issues before the hearing,<sup>1</sup> and tentative hearings. **THIS IS OFFICIAL NOTICE OF THE HEARING.**

This a Type III action under § PSC 4.10 (3), Wis. Adm. Code. No unusual circumstances suggesting the likelihood of significant environmental consequences have come to the Commission's attention. Neither an environmental impact statement under § 1.11, Stats., nor an environmental assessment is required.

**NOTICE IS HEREBY GIVEN** that this hearing will be conducted as it if were a Class 1 proceeding as defined in § 227.01, Stats.

**NOTICE IS FURTHER GIVEN** that **a hearing** will be held on **March 16, 1998, at 9:00 a.m.** in the Amnicon Falls Hearing Room at the Public Service Commission Office Building, 610 North Whitney Way, Madison, Wisconsin. The examiner may continue the hearing at such times and places as necessary to complete the hearing.

**NOTICE IS FURTHER GIVEN** that the building at 610 North Whitney Way is accessible to people in wheelchairs through the main floor entrance (Lobby) on the Whitney Way side of the building. Handicapped parking is available on the south side of the building and the building has some wheelchair accessible rest rooms. Any party with a disability who needs additional accommodations should contact Richard Teslaw at (608) 267-9766.

Questions on the hearing may be directed to Examiner John Crosetto at (608) 266-7165. Other questions on this matter should be directed to Gary A. Evenson, Assistant Administrator, Telecommunications Division, at (608) 266-6744.

Dated at Madison, Wisconsin \_\_\_\_\_

For the Commission:

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<sup>1</sup> The issues that were briefed in advance - whether the Commission has the option to not adopt a model and whether a model that can only be run on a specific company's computers meets the FCC criteria - will be considered at the conclusion of hearing in conjunction with other issues in the proceeding. Initially it was planned to have these matters addressed by the Commission before the hearing; however, no action on these issues will be taken before the hearing.

Docket 05-TI-160

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Scot Cullen, P.E.  
Administrator  
Telecommunications Division

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